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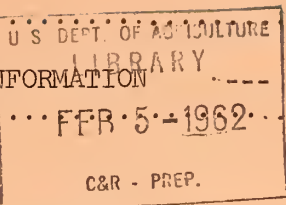
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CSS BACKGROUND INFORMATION

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CSS PEANUT PROGRAMS

Commodity Stabilization Service programs in effect for the 1960 crop of peanuts include marketing quotas and acreage allotments, and price support. Peanut farmers may also cooperate in the Department of Agriculture's Agricultural Conservation Program, and those who entered into contracts under 1956-60 programs may take part in the Conservation Reserve of the Soil Bank (a CSS program). Both these programs, as well as allotments and quotas, are operated in the field through State and County Agricultural Stabilization and Conservation farmer-committees.

Marketing Quotas, Acreage Allotments

Marketing quotas must be proclaimed by the Secretary of Agriculture each year, without regard to the supply situation. They may not go into effect, however, unless approved by at least two-thirds of the growers voting in a referendum on the question.

The national marketing quota is converted into a national acreage allotment, which is divided among the States producing peanuts, on the basis of a formula prescribed by law. The State allotments are then apportioned directly among the individual peanut-producing farms.

Marketing quotas operate through the acreage allotments. By complying with his farm allotment, a farmer may market all his peanuts free of penalty, and his crop is also eligible for price support. If he exceeds his effective

acreage allotment, all the peanuts he markets will be subject to a marketing penalty and his peanut crop will not be eligible for price support

The marketing quota penalty is figured this way:

If the farm peanut allotment is 8 acres and the actual farm acreage is 10 acres, the "excess" is 20 percent (since the "excess" 2 acres are 20 percent of the total 10 acres). If the price-support level is 10 cents per pound, the basic/penalty rate on the excess peanuts (set by law at 75 percent of the support level) would be 75 percent of the 10 cents per pound, or 7.5 cents per pound. The penalty rate on each pound of all peanuts marketed (called the converted penalty rate) in this example would be 1.5 cents per pound (20 percent of the basic penalty rate of 7.5 cents per pound).

Price Support

Price support for peanuts is mandatory, provided growers have not disapproved marketing quotas. The support may range from 75 to 90 percent of parity, with the minimum depending on the level of supply at the time of the determination.

Price support on the 1960 crop of peanuts is available at a national average level of \$201.24 per ton average grade, representing 78 percent of the August 1960 parity price. By type, the average supports per ton are: Virginia, \$213.93; Runner, \$188.08; Southeast Spanish, \$204.36; Southwest Spanish, \$197.61; and Valencia, suitable for cleaning and roasting, \$210.95.

The support is carried out through loans and purchase agreements, available both to individual producers and to grower associations.

Soil Bank

Farmers (including peanut growers) who voluntarily entered into contracts with CSS under 1956-60 programs are taking part in the Conservation Reserve of the Soil Bank by "reserving" -- or withdrawing -- a stated acreage of their general cropland (including peanut cropland) from production for a period of 3, 5, or 10 years, and by devoting it to an approved conservation practice. For this, the farmer received during the first year of the contract conservation assistance amounting to as much as 50 percent of the practice cost. Annual payments during the life of the contract compensate for the loss of income the acreage would otherwise produce.

The Conservation Reserve has been in effect since 1956. Through 1960, about 28.7 million acres of cropland had been included in the Conservation Reserve. About 71 percent of this total program acreage is on farms on which all eligible cropland is in the program.

The basic announced national average per-acre rate of the 1960 annual payment was \$13.50, and the acreage placed in the program was about 6.3 million additional acres. Authority to put new land in the program ended with the 1960 program.

Agricultural Conservation Program

Farmers may take part in the Agricultural Conservation Program by voluntarily carrying out a particular approved soil- or water-conservation practice on their land, for which the Government provides a share of the cost. ACP assistance may be in the form of financial aid, or materials or services; it is made available for conservation over and above what farmers would carry out with their own resources and on their own initiative.

